



State of Utah
Department of
Natural Resources

MICHAEL R. STYLER
Executive Director

Division of
Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

October 18, 2006

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 8026

Michael Glasson
Andalex Resources, Inc, Tower Division
P.O. Box 902
Price, Utah 84501

Subject: Proposed Assessment for State Violation #10000, Andalex Resources, Inc., Centennial Mine, C/007/0019, Outgoing File

Dear Mr. Glasson:

The undersigned has been appointed by the Division of Oil, Gas & Mining as the Assessment Officer for assessing penalties under R645-401.

Enclosed is the proposed civil penalty assessment for the above referenced violation. The violation was issued by Division Inspector, Karl Houskeeper, on September 27, 2006. Rule R645-401-600 et. seq. has been utilized to formulate the proposed penalty. By these rules, any written information which was submitted by you or your agent within fifteen (15) days of receipt of this Notice of Violation has been considered in determining the facts surrounding the violation and the amount of penalty.

Under R645-401-700, there are two informal appeal options available to you:

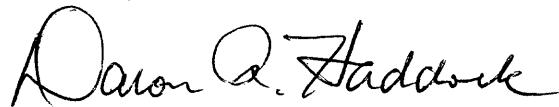
1. If you wish to informally appeal the fact of this violation, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director, Associate Director or appointed Conference Officer. This Informal Conference is distinct from the Assessment Conference regarding the proposed penalty

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2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph 1, the Assessment Conference will be scheduled immediately following that review.

If a timely request for review is not made, the fact of violation will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the proposed assessment. Please remit payment to the Division, mail c/o Vickie Southwick.

Sincerely,



Daron R. Haddock
Assessment Officer

Enclosure

cc: OSM Compliance Report
Vickie Southwick, DOGM
Price Field Office

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COMPANY / MINE Andalex Resources, Inc.
 PERMIT C/007/0019 NOV / CO # 10000 VIOLATION 1 of 1
 ASSESSMENT DATE October 18, 2006
 ASSESSMENT OFFICER Daron R. Haddock

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

ASSIGN PROBABILITY OF OCCURRENCE POINTS _____

PROVIDE AN EXPLANATION OF POINTS:

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

ASSIGN DAMAGE POINTS _____

PROVIDE AN EXPLANATION OF POINTS:

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? Potential
RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS 8

PROVIDE AN EXPLANATION OF POINTS:

*****The permittee did not submit a permit renewal application 120 days prior to the existing permit expiration date. This time frame is established by regulation to allow adequate time for review, publication and public comment. The renewal application should have been made by September 4, 2006 and was not received until September 29, 2006 after the notice of violation had been issued. The Division has been potentially hindered by not having adequate time to evaluate the required renewal information prior to it needing to be published. There is potential hindrance because public comment may require additional review that the Division does not have time to complete. Points are assigned in the lower third of the range because the hindrance is only potential.**

TOTAL SERIOUSNESS POINTS (A or B) 8

III. NEGLIGENCE (Max 30 pts.)

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Negligence

ASSIGN NEGLIGENCE POINTS 8

PROVIDE AN EXPLANATION OF POINTS:

****** The operator is aware of the regulation that specifies that an application for a permit renewal is to be submitted 120 days prior to the expiration of the existing permit. The operator was under the impression that the permit renewal application needed to be submitted on 10/4/2006 instead of 9/4/2006. Failure to submit the renewal application in the required timeframe indicates lack of reasonable care. Points are assigned in the middle of the negligence range.***

IV. GOOD FAITH (Max 20 pts.)

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?

IF SO--EASY ABATEMENT

Easy Abatement Situation

- Immediate Compliance -11 to -20*
(Immediately following the issuance of the NOV)
- Rapid Compliance -1 to -10
(Permittee used diligence to abate the violation)
- Normal Compliance 0
(Operator complied within the abatement period required)
(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- Rapid Compliance -11 to -20*
(Permittee used diligence to abate the violation)
- Normal Compliance -1 to -10*
(Operator complied within the abatement period required)
- Extended Compliance 0
(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)
(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)

EASY OR DIFFICULT ABATEMENT? Easy

ASSIGN GOOD FAITH POINTS -5

PROVIDE AN EXPLANATION OF POINTS:

****The permittee submitted an application for renewal on September 29, 2006 well in advance of the October 5, 2006 abatement date. Even though the abatement was completed ahead of the abatement deadline, 25 days had already elapsed from the date that the renewal application was supposed to be submitted and it required the NOV issued by the Division to prompt the operator to submit the renewal application. Five points are awarded for rapid compliance.*

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # <u>N #10000</u>	
I.	TOTAL HISTORY POINTS <u> </u>
II.	TOTAL SERIOUSNESS POINTS <u>8</u>
III.	TOTAL NEGLIGENCE POINTS <u>8</u>
IV.	TOTAL GOOD FAITH POINTS <u>-5</u>
	TOTAL ASSESSED POINTS <u>9</u>
TOTAL ASSESSED FINE	<u>\$ 198</u>